

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2925 - HB 2919

May 5, 2020

SUMMARY OF BILL: Authorizes the City of Athens, in McMinn County, to levy a hotel occupancy tax, not to exceed three percent of the consideration charged by the operator, subject to the adoption of an ordinance by a two-thirds vote of its governing body.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue –

\$247,000/FY20-21/Permissive/City of Athens

\$329,300/FY21-22 and Subsequent Years/Permissive/City of Athens

Assumptions:

- According to the Department of Health, there are 716 hotel rooms in the City of Athens.
- According to the Nashville Convention and Visitors Bureau, the 2017 hotel occupancy rate in Davidson County was 75.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2017 was 65.9 percent, and is estimated to have been 66.2 percent in 2018. The national hotel occupancy rate is estimated to be 66.0 percent in 2019.
- Due to the COVID-19 pandemic, it is estimated that the occupancy rate in the City of Athens will be 45.0 percent in FY20-21 and 60.0 percent in FY21-22 and subsequent years.
- In FY20-21 there will be approximately 117,603 nightly rentals each year in the City of Athens (716 rooms x 365 days x 45.0% occupancy rate).
- In FY21-22 and subsequent years there will be approximately 156,804 nightly rentals each year in the City of Athens (716 rooms x 365 days x 60.0% occupancy rate).
- The average hotel room rate is estimated to be \$70 per night.
- The City of Athens will impose a 3.0 percent hotel occupancy tax upon passage of this legislation.
- The permissive increase in local government revenue is estimated to be \$246,966 (117,603 nightly rentals x \$70 per night x 3.0% occupancy tax rate) in FY20-21, and \$329,288 (156,804 nightly rentals x \$70 per night x 3.0% occupancy tax rate) in FY21-22 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Krista Lee Carsner, Executive Director

/abw